

**NEW HORIZONS
YOUTH SERVICE BUREAU, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/15/03

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTAL INFORMATION	
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	13
SCHEDULE OF REVENUES, OTHER SUPPORT, AND EXPENSES BY PROGRAM AND SUPPORTING SERVICES	14
SCHEDULE OF REVENUES, SUPPORT SERVICES, GENERAL AND ADMINISTRATIVE AND FUNDRAISING EXPENSES ALLOCATED TO PROGRAMS	15
OTHER INDEPENDENT AUDITORS' REPORTS	
COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A-133	17
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	23

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana

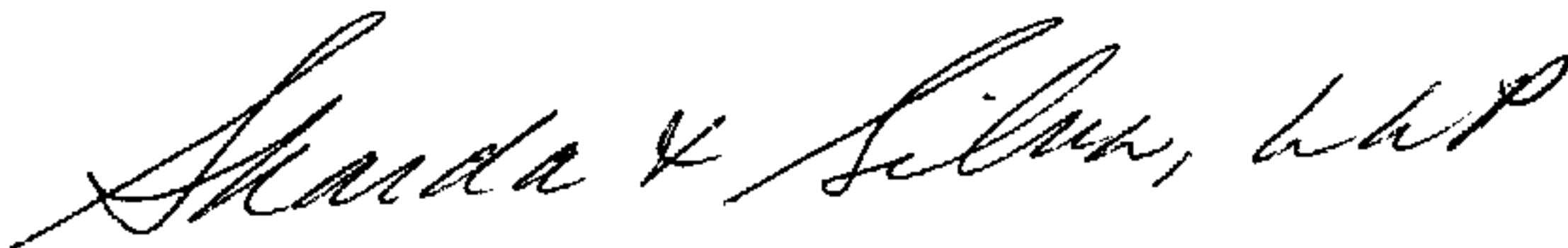
We have audited the accompanying statement of financial position of New Horizons Youth Service Bureau, Inc. (a Louisiana not-for-profit corporation) as of June 30, 2002, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of New Horizons Youth Service Bureau, Inc. as of June 30, 2001, were audited by other auditors whose opinion dated December 14, 2001, on those statements was unqualified.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons Youth Service Bureau, Inc. as of June 30, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2002 on our consideration of New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements of New Horizons Youth Service Bureau, Inc. taken as a whole. The accompanying schedules of federal financial assistance; activities and functional expenses by programs and supporting services; and supporting services allocated to programs for the year ended June 30, 2002 are presented for purposes of additional analysis as required by U.S. Office and Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The information in those schedules have been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, reading "Shanda K. Silvers, CPA". The signature is written in dark ink and is positioned above the date.

December 2, 2002

New Horizons Youth Service Bureau, Inc.
Statement of Financial Position
June 30, 2002

ASSETS

Current Assets

Cash and cash equivalents	\$ 16,403
Receivables	
Grants	153,007
Deposit	<u>1,400</u>

170,810

Property and equipment

Automobiles	20,218
Buildings and improvements	76,084
Furniture and equipment	<u>11,560</u>

107,862

Less accumulated depreciation	<u>(39,740)</u>
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68,122

Land	<u>25,000</u>
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93,122

TOTAL ASSETS	<u>\$ 263,932</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Line of credit	\$ 94,682
Accounts payable	2,069
Accrued payroll taxes	13,743
Accrued annual leave	<u>28,614</u>

139,108

Net assets

Temporarily restricted	<u>124,824</u>
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124,824

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 263,932</u>
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The accompanying notes are an integral part of this statement.

New Horizons Youth Service Bureau, Inc.
Statement of Activities
For the Year Ended June 30, 2002

Revenues and Other Support

Government grants and contracts	\$ 1,586,562
Contributions in-kind	216,763
Program service fees	85,982
Donations	8,745
Tangipahoa United Way	27,200
Fundraising	15,995
Interest	1,072
Other income	<u>1,627</u>

Total revenues and other support	1,943,946
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Expenses

Program services	1,815,743
Supporting services	<u>66,921</u>

Total expenses	<u>1,882,664</u>
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Change in net assets	<u><u>\$ 61,282</u></u>
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The accompanying notes are an integral part of this statement.

New Horizons Youth Service Bureau, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2002

Program Services							
Local	United Way	Runaway & Homeless	Horizon House	Tutoring	Pathways	Mental Health Crossroads	Second Step
Salaries	24,408	98,203	203,417	5,318	177,194	49,798	24,084
Payroll taxes	1,901	7,868	16,968	502	14,613	4,075	2,048
Client needs	-	4,630	5,020	-	245	32	505
Conferences and training	-	715	125	-	827	53	119
Depreciation	-	-	-	-	-	-	-
Dues and subscriptions	-	94	312	-	45	16	10
Employee benefits	1,076	4,841	9,144	538	9,144	2,152	1,612
Fundraising expense	-	-	-	-	-	-	-
In kind expense	-	-	-	-	-	-	-
Insurance	-	11,688	37,764	-	16,962	6,240	4,673
Interest	-	-	1,811	-	1,576	623	-
Lease payments	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-
Office expense	-	1,955	3,881	-	1,447	719	810
Professional services	-	2,284	4,704	-	3,547	825	595
Repairs	-	656	1,961	-	148	73	114
Supplies	-	1,313	3,459	-	568	2,267	263
Telephone	-	2,827	7,249	-	5,146	2,003	982
Transportation	-	1,044	2,589	-	125	98	54
Travel	-	370	1,074	-	27,341	5,628	3,751
Utilities	-	3,286	8,105	-	1,302	404	313
Miscellaneous	-	-	-	-	-	-	-
	27,385	141,774	307,583	6,358	260,230	75,006	39,933

The accompanying notes are an integral part of this statement.

New Horizons Youth Service Bureau, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2002

	Program Services				Supporting Services	
	Counseling Center	Positive Steps	ADAPT	ACT Options	General and Administrative Fund Raising	Total
Salaries	19,604	321,581	49,454	46,241	41,003	1,060,305
Payroll taxes	1,804	26,678	4,090	3,794	1,558	85,899
Client needs	-	11,180	-	155	(15)	21,752
Conferences and training	370	3,820	185	508	492	7,214
Depreciation	-	-	-	1,689	3,528	5,217
Dues and subscriptions	8	888	17	16	70	1,476
Employee benefits	1,612	17,213	2,690	2,152	1,612	53,786
Fundraising expense	-	-	-	-	7,711	7,711
In kind expense	-	216,763	-	-	-	216,763
Insurance	2,367	39,107	5,877	9,412	(1,031)	133,059
Interest	-	-	-	89	3,246	7,345
Lease payments	-	4,710	-	-	-	4,710
Occupancy	-	17,400	-	-	-	17,400
Office expense	668	11,288	778	4,729	600	26,875
Professional services	420	6,753	978	755	780	21,641
Repairs	223	6,223	1,070	81	754	11,303
Supplies	40	8,453	5,530	1,159	5,590	28,642
Telephone	499	22,842	1,444	1,917	22	44,931
Transportation	22	2,373	58	593	10	6,966
Travel	402	50,612	3,913	6,928	451	100,470
Utilities	540	2,869	1,130	404	540	18,893
Miscellaneous	-	306	-	-	-	306
	<u>28,579</u>	<u>771,059</u>	<u>77,214</u>	<u>80,622</u>	<u>66,921</u>	<u>1,882,664</u>

The accompanying notes are an integral part of this statement.

New Horizons Youth Service Bureau, Inc.
Statement of Changes in Net Assets
June 30, 2002

Net assets - beginning of year	\$ 63,542
Increase (decrease) in net assets	
Temporarily restricted	<u>61,282</u>
Net assets - end of year	<u><u>\$ 124,824</u></u>

The accompanying notes are an integral part of this statement.

New Horizons Youth Service Bureau, Inc.

Statement of Cash Flows

June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 61,282
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	5,217
(Increase) decrease in operating assets	
Accounts receivable	(5,764)
Increase (decrease) in operating liabilities	
Accounts payable	267
Accrued liabilities	(1,627)
Other accrued expenses	<u>(30,040)</u>
Net cash provided by (used in) operating activities	29,335

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(16,894)</u>
Net cash provided by (used in) investing activities	(16,894)

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds/payments on line of credit	<u>(5,174)</u>
Net cash provided by (used in) financing activities	(5,174)

Net increase (decrease) in cash and cash equivalents 7,267

Cash - beginning of year 9,136

Cash - end of year \$ 16,403

Supplemental cash flow information

Cash paid during the year for:	
Interest	<u><u>\$ 7,345</u></u>

The accompanying notes are an integral part of this statement.

New Horizons Youth Service Bureau, Inc.
Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

New Horizons Youth Service Bureau, Inc. (the “Organization”) was incorporated on April 20, 1978. The New Horizons Youth Service Bureau, Inc. is a non-profit organization formed to provide local resources for youth and families as a means to prevent juvenile delinquency. The Organization now serves the five Florida parishes of Tangipahoa, St. Helena, Livingston, Washington, and St. Tammany. The Organization is funded mainly through a combination of state and federal grants. They also receive funds from the United Way, local fundraising activities, and donations from other local individuals and groups. Consequently, the Organization’s ability to earn revenue is affected by state and federal governmental policies.

Programs

Horizon House – Emergency housing shelter that provides full residential care for adolescents.

Crossroads – Crisis intervention program designed to reduce incidents of psychiatric hospitalization of children and adolescents.

Counseling Center – Counseling that includes group, individual, and family therapy for instances of physical, emotional, and sexual abuse in the communities of Tangipahoa parish.

Homeward – Designed to reduce the incidence of runaway behavior and youth homelessness. The Homeward program also provides group, individual, family counseling, and parenting classes.

ADAPT – The ADAPT program is an adolescent substance abuse treatment program. Client assessment, education, counseling, and drug screening offer adolescents and their families the opportunity to break the cycle of chemical dependency. ADAPT components include group, individual, and family therapy, as well as drug testing.

ACT – The ACT program provides resources and support for families of children with a history of mental health crisis.

Pathways – Home based therapeutic program designed to reduce the number of youth removed from their families by the court for child abuse, neglect, and/or delinquency.

Positive Steps – Provides an array of social services including group, individual, and family therapy, parenting classes, and transportation for families in the child welfare systems.

Second Step – The Second Step program provides in-home parenting education for at-risk families. This program identifies services for parents identified as high-risk for child abuse or neglect.

New Horizons Youth Service Bureau, Inc.
Notes To Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Donated Assets and Services

The Organization records noncash donations as contributions at its estimated fair value at the date of donation. Significant portions of the Organization's functions are conducted by unpaid officers, board members, and volunteers. The Organization has estimated the value of these services to be \$54,398. The Organization has also received donated materials and supplies valued at \$70,564 that were used in the Positive Steps Programs. The donated amounts are reflected as income and expense on the statement of activities.

The Organization recognizes donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment

Property and equipment are recorded at cost. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets, approximately five to seven years, on a straight-line basis. Donations of property and equipment are recorded at estimated fair market value on the date of donation. These assets are recorded as unrestricted net assets unless the donor imposes a restriction.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

New Horizons Youth Service Bureau, Inc.
Notes To Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Functional Expense Allocation

Functional expenses are allocated among the various program services, general and administrative, and fundraising categories based on actual use or management's best estimate.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all restricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposits and interest bearing demand deposits.

Use of Estimates in the Preparation of Financial Statements

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 2002. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the 2002 financial statements.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 116 and SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

NOTE B - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in one financial institution located in Hammond, Louisiana that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$100,000. The Organization's cash balances were not in excess of the FDIC insurance at June 30, 2002. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

New Horizons Youth Service Bureau, Inc.
Notes To Financial Statements

NOTE C - FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Organization's financial instruments are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 16,403	\$ 16,403

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – the carrying amount approximates fair value because of the short maturities of those investments.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2002:

Automobiles	\$ 20,218
Buildings and improvements	76,084
Furniture and equipment	11,560
Land	<u>25,000</u>
	132,862
Less: Accumulated depreciation	<u>(39,740)</u>
Total	<u>\$ 93,122</u>

NOTE E – COMPENSATED ABSENCES

The Organization's full-time employees receive from ten to twenty days of annual paid leave upon completion of twelve months of employment, depending on employee classification. Nor more than 10 days of accrued vacation may be carried over to the following year. Full-time employees earn one day of sick leave per month based on varying terms of service and are forfeited upon termination. Annual leave vests with the employee and therefore, has been accrued. The amount of accumulated paid leave at June 30, 2002 was \$28,614.

NOTE F – LINE OF CREDIT

The Organization has a \$100,000 line of credit bearing interest at a rate of 2% over prime (8.75% at June 30, 2002), and is secured by a collateral real estate mortgage. The line of credit balance at June 30, 2002 was \$94,682 and expires July 10, 2002.

New Horizons Youth Service Bureau, Inc.
Notes To Financial Statements

NOTE G – PROGRAM GRANTS

The Organization was established to provide local resources for youth and families as a means to prevent juvenile delinquency for the youth in Tangipahoa, St. Helena, Livingston, Washington, and St. Tammany parishes. The mission of the New Horizons Youth Service Bureau is to improve the physical and emotional well being of the children, youth, and families of the Florida parishes and to increase the capacity of families to effectively care for their children.

A substantial portion of the Organization's support and revenue is derived from restricted grants for the various programs conducted. The various grants are approved on a year-to-year basis with grant periods dated July-June and October-September of each fiscal year. Any unexpended grant funds or unauthorized expenditures charged against the programs must be refunded.

NOTE H – FUND RAISING REVENUES

Fund raising revenues are presented at gross, with related expenses presented separately in the accompanying financial statements. Net fund-raising income for the period ending June 30, 2002, was \$8,284.

NOTE I – THIRD PARTY REVENUES

A substantial share of contract revenues for services to clients is derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party providers. Retroactive adjustments, if any, would not be material to the financial position or results of operations of the Organization.

NOTE J – LEASES

The Organization entered into a lease for a commercial building located in Franklinton, Louisiana, for a term of one year at a monthly rental of \$350, expiring September 30, 2002. The Organization also has a lease agreement for a commercial building located in Hammond, Louisiana, for a term of one year at a monthly rental of \$1,100, expiring September 30, 2002. Rent expense for the commercial leases was \$17,400 for the year ended June 30, 2002.

The Organization leased a vehicle for a period of 15 months at a monthly rental of \$942. This lease expired November 20, 2001. Lease expense for the year ended June 30, 2002 was \$4,710.

NOTE K – CONTINGENT LIABILITIES

From time to time, the Organization is involved as a defendant in actual or threatened litigation, which is not covered by insurance. At June 30, 2002, there were no pending or threatened claims which, in the opinion of the Organization's legal advisors, would have a material adverse affect on the financial statements should such claims be settled in favor of the plaintiffs.

SUPPLEMENTARY INFORMATION

New Horizons Youth Service Bureau, Inc.
Schedule of Federal Financial Assistance
For the Year Ended June 30, 2002

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	GRANT PERIOD		TOTAL GRANT AWARD	ACCRUED/ (DEFERRED) REVENUE JUNE 30, 2001	ASSISTANCE RECEIVED DURING YEAR		ACCRUED/ (DEFERRED) REVENUE JUNE 30, 2002	TOTAL REVENUE RECOGNIZED	EXPENDITURES		TOTAL EXPENDITURES
			FROM	THROUGH			GRANTS	OTHER			FEDERAL	OTHER	
U.S. Department of Agriculture National School Lunch Program	10.555		07/01/01	06/30/02	8,285	1,446	9,731	-	-	8,285	8,285	-	8,285
					8,285	1,446	9,731	-	-	8,285	8,285	-	8,285
U.S. Department of Health and Human Services													
Runaway and Homeless Youth	93.623	06CY0749/02	10/01/01	09/30/02	150,000	-	134,610	-	15,390	150,000	141,774	-	141,774
Social Services (Pathways)	93.667	543223	07/01/01	06/30/02	254,400	23,868	235,505	-	16,592	228,229	260,230	-	260,230
Social Services (Second Step)	93.667	543220	07/01/01	06/30/02	40,000	9,018	30,793	-	3,975	25,750	39,933	-	39,933
Family Preservation and Support Services (Positive Steps)	93.556	CFMSS541387	10/01/01	09/30/02	557,325	65,479	439,511	-	54,739	428,771	554,296	-	554,296
SAMHSA (ADAPT)	93.959	576144	07/01/01	06/30/02	69,000	1,835	66,742	-	2,258	67,165	77,214	-	77,214
Options- Mental Health ACT	93.958	576197	10/01/01	09/30/02	78,782	7,442	58,242	-	20,540	71,340	80,622	-	80,622
Mental Health Services (Crossroads)	93.958	MH02-9S-045	07/01/01	06/30/02	74,968	11,234	62,666	-	9,732	61,164	75,006	-	75,006
					1,224,475	118,876	1,028,069	-	123,226	1,032,419	1,229,075	-	1,229,075
Total					\$ 1,232,760	\$ 120,322	\$ 1,037,809	\$ -	\$ 123,226	\$ 1,040,704	\$ 1,237,360	\$ -	\$ 1,237,360

See independent auditors' report.

New Horizons Youth Service Bureau, Inc.
Schedule of Revenues, Other Support, and Expenses By Program and Supporting Services
For the Year Ended June 30, 2002

	Program Services							
	Local	United Way	Runaway & Homeless	Horizon House	Tutoring	Pathways	Mental Health Crossroads	Second Step
Unrestricted revenues and other support								
Government grants and contracts	\$ -	-	\$ 157,366	\$ 306,449	\$ -	\$ 294,626	\$ 72,398	\$ 34,768
Contributions in-kind	-	-	-	-	-	-	-	-
Program service fees	39,307	-	-	-	6,000	-	-	-
Donations	8,745	-	-	-	-	-	-	-
Tangipahoa United Way	-	27,200	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Total unrestricted revenues and other support	48,052	27,200	157,366	306,449	6,000	294,626	72,398	34,768
Expenses								
Salaries	-	24,408	98,203	203,417	5,318	177,194	49,798	24,084
Payroll taxes	-	1,901	7,868	16,968	502	14,613	4,075	2,048
Client needs	-	-	4,630	5,020	-	245	32	505
Conferences and training	-	-	715	125	-	827	53	119
Depreciation	-	-	-	-	-	-	-	-
Dues and subscriptions	-	-	94	312	-	45	16	10
Employee benefits	-	1,076	4,841	9,144	538	9,144	2,152	1,612
Fundraising expense	-	-	-	-	-	-	-	-
In kind expense	-	-	-	-	-	-	-	-
Insurance	-	-	11,688	37,764	-	16,962	6,240	4,673
Interest	-	-	-	1,811	-	1,576	623	-
Lease payments	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-
Office expense	-	-	1,955	3,881	-	1,447	719	810
Professional services	-	-	2,284	4,704	-	3,547	825	595
Repairs	-	-	656	1,961	-	148	73	114
Supplies	-	-	1,313	3,459	-	568	2,267	263
Telephone	-	-	2,827	7,249	-	5,146	2,003	982
Transportation	-	-	1,044	2,589	-	125	98	54
Travel	-	-	370	1,074	-	27,341	5,628	3,751
Utilities	-	-	3,286	8,105	-	1,302	404	313
Miscellaneous	-	-	-	-	-	-	-	-
Total expenses	-	27,385	141,774	307,583	6,358	260,230	75,006	39,933
Change in net assets	\$ 48,052	\$ (185)	\$ 15,592	\$ (1,134)	\$ (358)	\$ 34,396	\$ (2,608)	\$ (5,165)

See independent auditors' report.

New Horizons Youth Service Bureau, Inc.
Schedule of Revenues, Other Support, and Expenses By Program and Supporting Services
For the Year Ended June 30, 2002

	Program Services				Supporting Services	
	Counseling Center	Positive Steps	ADAPT	ACT Options	Program Services Total	General and Administrative Fund Raising Total
Unrestricted revenues and other support						
Government grants and contracts	\$ -	\$ 552,565	\$ 71,765	\$ 96,625	\$ 1,586,562	\$ -
Contributions in-kind	-	216,763	-	-	216,763	-
Program service fees	39,390	-	1,285	-	85,982	-
Donations	-	-	-	-	8,745	-
Tangipahoa United Way	-	-	-	-	27,200	-
Fundraising	-	-	-	-	-	15,995
Interest	-	-	-	-	-	1,072
Other income	-	-	-	-	-	1,627
Total unrestricted revenues and other support	39,390	769,328	73,050	96,625	1,925,252	18,694
Expenses						
Salaries	19,604	321,581	49,454	46,241	1,019,302	41,003
Payroll taxes	1,804	26,678	4,090	3,794	84,341	1,558
Client needs	-	11,180	-	155	21,767	(15)
Conferences and training	370	3,820	185	508	6,722	492
Depreciation	-	-	-	1,689	1,689	3,528
Dues and subscriptions	8	888	17	16	1,406	70
Employee benefits	1,612	17,213	2,690	2,152	52,174	1,612
Fundraising expense	-	-	-	-	-	7,711
In kind expense	-	216,763	-	-	216,763	-
Insurance	2,367	39,107	5,877	9,412	134,090	(1,031)
Interest	-	-	-	89	4,099	3,246
Lease payments	-	4,710	-	-	4,710	-
Occupancy	-	17,400	-	-	17,400	-
Office expense	668	11,288	778	4,729	26,275	600
Professional services	420	6,753	978	755	20,861	780
Repairs	223	6,223	1,070	81	10,549	754
Supplies	40	8,453	5,530	1,159	23,052	5,590
Telephone	499	22,842	1,444	1,917	44,909	22
Transportation	22	2,373	58	593	6,956	10
Travel	402	50,612	3,913	6,928	100,019	451
Utilities	540	2,869	1,130	404	18,353	540
Miscellaneous	-	306	-	-	306	-
Total expenses	28,579	771,059	77,214	80,622	1,815,743	66,921
Change in net assets	\$ 10,811	\$ (1,731)	\$ (4,164)	\$ 16,003	\$ 109,509	\$ (48,227)
						\$ 61,282

See independent auditors' report.

New Horizons Youth Service Bureau, Inc.
Schedule of Revenues, Support Services, General and Administrative and Fundraising
Expenses Allocated to Programs
For the Year Ended June 30, 2002

	Program Services							
	Local	United Way	Runaway & Homeless	Horizon House	Tutoring	Pathways	Mental Health Crossroads	Second Step
Unrestricted revenues and other support								
Government grants and contracts	\$ -	\$ -	\$ 157,366	\$ 306,449	\$ -	\$ 294,626	\$ 72,398	\$ 34,768
Contributions in-kind	-	-	-	-	-	-	-	-
Program service fees	39,307	-	-	-	6,000	-	-	-
Donations	8,745	-	-	-	-	-	-	-
Tangipalaoa United Way	-	27,200	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Total unrestricted revenues and other support	48,052	27,200	157,366	306,449	6,000	294,626	72,398	34,768
Allocation of supporting service revenues	561	374	1,682	3,178	187	3,178	748	561
Total revenues and other support	48,613	27,574	159,048	309,627	6,187	297,804	73,146	35,329
Expenses								
Compensation expenses	-	26,309	106,071	220,385	5,820	191,807	53,873	26,132
Occupancy	-	-	6,769	17,315	-	6,596	2,480	1,409
Travel	-	-	370	1,074	-	27,341	5,628	3,751
Other direct program expenses	-	1,076	28,564	68,809	538	34,486	13,025	8,641
Allocation of supporting service expenses	-	27,385	141,774	307,583	6,358	260,230	75,006	39,933
	-	2,008	6,023	11,377	1,338	11,377	2,677	2,677
Total expenses	-	29,393	147,797	318,960	7,696	271,607	77,683	42,610
Change in net assets	\$ 48,613	\$ (1,819)	\$ 11,252	\$ (9,333)	\$ (1,509)	\$ 26,197	\$ (4,537)	\$ (7,281)

See independent auditors' report.

New Horizons Youth Service Bureau, Inc.
Schedule of Revenues, Support Services, General and Administrative and Fundraising
Expenses Allocated to Programs
For the Year Ended June 30, 2002

	Counseling Center	Positive Steps	ADAPT	ACI Options	Program Services Total	Supporting Services General and Administrative Fund Raising	Total
Unrestricted revenues and other support							
Government grants and contracts	\$ -	\$ 552,565	\$ 71,765	\$ 96,625	\$ 1,586,562	\$ -	\$ 1,586,562
Contributions in-kind	-	216,763	-	-	216,763	-	216,763
Program service fees	39,390	-	1,285	-	85,982	-	85,982
Donations	-	-	-	-	8,745	-	8,745
Tangipahoa United Way	-	-	-	-	27,200	-	27,200
Fundraising	-	-	-	-	-	15,995	15,995
Interest	-	-	-	-	-	1,072	1,072
Other income	-	-	-	-	-	1,627	1,627
Total unrestricted revenues and other support	39,390	769,328	73,050	96,625	1,925,252	18,694	1,943,946
Allocation of supporting service revenues	561	5,982	935	748	18,694	(18,694)	-
Total revenues and other support	39,951	775,310	73,985	97,373	1,943,946	-	1,943,946
Expenses							
Compensation expenses	21,408	348,259	53,544	50,035	1,103,643	42,561	1,146,204
Occupancy	1,262	49,334	3,644	2,402	91,211	1,316	92,527
Travel	402	50,612	3,913	6,928	100,019	451	100,470
Other direct program expenses	5,507	322,854	16,113	21,257	520,870	22,593	543,463
Allocation of supporting service expenses	28,579	771,059	77,214	80,622	1,815,743	66,921	1,882,664
	2,008	21,415	3,346	2,677	66,921	(66,921)	-
Total expenses	30,587	792,474	80,560	83,299	1,882,664	-	1,882,664
Change in net assets	\$ 9,364	\$ (17,164)	\$ (6,575)	\$ 14,074	\$ 61,282	\$ -	\$ 61,282

See independent auditors' report.

OTHER INDEPENDENT AUDITORS' REPORTS

Skarda & Silva, L.L.P.

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133**

Board of Directors
New Horizons Youth Service Bureau, Inc.
Hammond, Louisiana

We have audited the financial statements of the New Horizons Youth Service Bureau, Inc. as of and for the year ended June 30, 2002, and have issued our report thereon dated December 2, 2002.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance

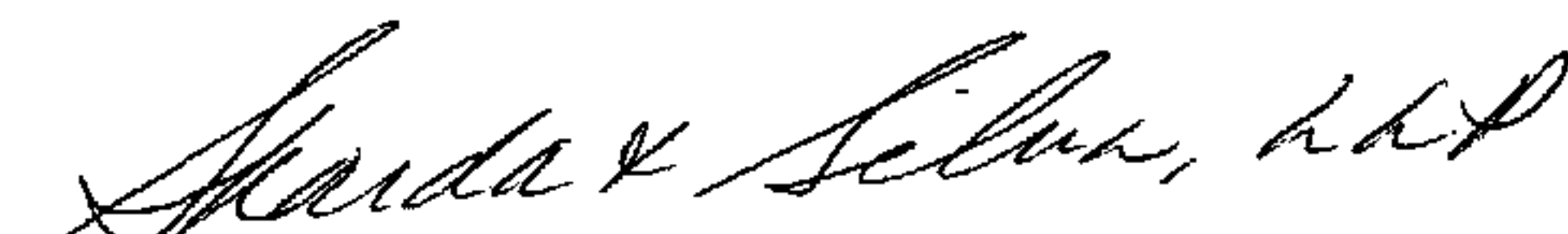
As part of obtaining reasonable assurance about whether the New Horizons Youth Service Bureau, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the New Horizons Youth Service Bureau, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the finance committee, management, the Department of Health and Human Services, United Way, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.


December 2, 2002

Skarda & Silva, L.L.P.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

Board of Directors

New Horizons Youth Service Bureau, Inc.

Hammond, Louisiana

We have audited the compliance of the New Horizons Youth Service Bureau, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. New Horizons Youth Service Bureau, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the New Horizons Youth Service Bureau, Inc.'s management. Our responsibility is to express an opinion on the New Horizons Youth Service Bureau, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the New Horizons Youth Service Bureau, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the New Horizons Youth Service Bureau, Inc.'s compliance with those requirements.


In our opinion, the New Horizons Youth Service Bureau, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

The management of the New Horizons Youth Service Bureau, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the New Horizons Youth Service Bureau, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the finance committee, management, the Department of Health and Human Services, United Way, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


December 2, 2002

New Horizons Youth Service Bureau, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u> yes	<u> X </u>	no
Reportable conditions identified?			
not considered to be material weaknesses?	<u> </u> yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u>	no

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u> </u> yes	<u> X </u>	no
Reportable conditions identified?			
not considered to be material weaknesses?	<u> </u> yes	<u> X </u>	none reported

Type of auditors' report issued on compliance for major programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	<u> </u> yes	<u> X </u>	no
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Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

93.556

Family Preservation and Support Services

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk audit?

 X yes no

New Horizons Youth Service Bureau, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Section II - Internal Control & Compliance
Governmental Auditing Standards
OMB Circular A-133

Internal Control

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
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No findings and questioned costs for the year ended June 30, 2001.

New Horizons Youth Service Bureau, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
Section I - Compliance and Internal Control Material to the Financial Statements					
No reported findings for the year ended June 30, 2001.					
Section II - Internal Control and Compliance Material to Federal Awards					
2001-01	2001	The agency requires two signatures on checks exceeding \$1,000. In reviewing the cancelled checks for five months, it was noted that seven checks over \$1,000 did not have two signatures. It was also noted that eight checks cleared the bank without any signature.	Yes	N/A	Management notified personnel and bank. The Organization will sign all check disbursements as required in the future.
2001-02	2001	The agency maintains records for donated materials and supplies when received. The agency uses these items for match on the federal programs. They do not have detailed records to indicate that the materials and supplies were used during the grant period for match.	Yes	N/A	Management will keep detailed records in the future of the supplies given to clients for match purposes.
2001-03	2001	The agency included certain in-kind contributions for salaries, mileage, rents, and fees as match to the federal programs. Based on information obtained from state and federal grantor agencies, those items do not qualify as match for those federal programs. The agency was using guidelines from another non-profit organization in determining the match, because they were not able to obtain detailed guidelines on what constituted acceptable match. The guidelines that were used allowed questionable items to be used as match for the federal programs.	Yes	N/A	Management will establish proper controls to insure that matching requirements of the federal programs are met.
2001-04	2001	The agency included certain in-kind contributions for salaries, mileage, rents, and fees as match to the federal programs. Based on information obtained from state and federal grantor agencies, those items do not qualify as match for those federal programs. The agency was using guidelines from another non-profit organization in determining the match, because they were not able to obtain detailed guidelines on what constituted acceptable match. The guidelines that were used allowed questionable items to be used as match for the federal programs.	Yes	N/A	The Organization met with state officials and corrected necessary information regarding match requirements for federal programs.

Section III - Management Letter

No reported findings for the year ended June 30, 2001.